



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

November 4, 1997

H.J. Res. 91 **Granting the consent of Congress to the Apalachicola-Chattahoochee- Flint River Basin Compact**

As reported by the House Committee on the Judiciary on October 31, 1997

SUMMARY

H.J. Res. 91 would grant congressional consent to the Apalachicola-Chattahoochee-Flint River Basin (ACF Basin) Compact. The compact would establish the ACF Basin Commission, which would determine an allocation formula for apportioning the surface waters of the ACF basin among the states of Alabama, Florida, and Georgia. The commission would consist of state and federal representatives.

Provisions in the compact that could have an impact on the federal budget include:

- an authorization of appropriations for a federal commissioner to attend meetings of the commission and for employment of personnel by the commissioner,
- an authorization for federal agencies to conduct studies and monitoring programs in cooperation with the commission, and
- a requirement that the federal government comply with the water allocation formula once it has been adopted by the commission (to the extent that doing so would not conflict with other federal laws).

CBO estimates that enacting H.J. Res. 91 would result in new discretionary spending of less than \$500,000 in fiscal year 1998, and about \$12 million over the 1998-2002 period, assuming appropriations consistent with its provisions. The compact also would increase direct spending; hence, pay-as-you-go procedures would apply to the legislation. But CBO estimates that enacting H.J. Res. 91 would increase direct spending by less than \$500,000 a year, beginning in fiscal year 1999.

The resolution does not contain any intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995 (UMRA) and any costs resulting from the compact would be borne voluntarily by Alabama, Florida, and Georgia as a result of the agreement.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

Implementing H.J. Res. 91 would affect both spending subject to appropriation and direct spending. CBO estimates that enacting H.J. Res. 91 would result in new spending subject to appropriation of less than \$500,000 in 1998, about \$4 million in 1999, \$3 million in 2000, and \$2 million a year thereafter. CBO estimates that the compact would increase direct spending, beginning in 1999, by reducing offsetting receipts from recreation fees and federal hydropower operations, but any such changes would likely be insignificant. The costs of this legislation fall within budget function 300 (natural resources and environment). The estimated budgetary effects of H.J. Res 91 are shown in the following table.

	By Fiscal Year, in Millions of Dollars				
	1998	1999	2000	2001	2002
SPENDING SUBJECT TO APPROPRIATION					
Spending Under Current Law					
Estimated Authorization Level ^a	31	31	31	31	31
Estimated Outlays	32	32	31	31	31
Proposed Changes					
Estimated Authorization Level	b	4	3	2	2
Estimated Outlays	b	4	3	2	2
Spending Under H.J. Res. 91					
Estimated Authorization Level ^a	31	35	34	33	33
Estimated Outlays	32	36	34	33	33
CHANGES IN DIRECT SPENDING					
Estimated Budget Authority	0	b	b	b	b
Estimated Outlays	0	b	b	b	b

a. The 1998 level is the amount appropriated in that year for programs conducted by the U.S. Army Corps of Engineers in the ACF basin. The amounts shown for subsequent years reflect assumed continuation of the current-year funding level, without adjustment for inflation. Alternatively, if funding were increased to cover anticipated inflation, funding under current law would gradually grow from \$31 million in 1998 to \$35 million in 2002.

b. Less than \$500,000.

BASIS OF ESTIMATE

Spending Subject to Appropriation

For purposes of this estimate, CBO assumes that (1) the compact is approved in the next few months, (2) a commission is formed in 1998, (3) all amounts estimated to be authorized by the legislation will be appropriated, and (4) a new plan for allocating water among the states will be approved in fiscal year 1999. New discretionary spending would be necessary for expenses of a federal commissioner to participate in the ACF commission, for conducting studies and monitoring activities in coordination with the commission, and for operating federal facilities in the river basin in a manner consistent with the new allocation plan.

Federal Commissioner. CBO estimates that the cost of sending the federal commissioner to meetings of the commission and of funding a personal staff will be less than \$500,000 a year beginning in 1998. The commissioner would serve without compensation. General expenses of the commission would be paid by the states of Alabama, Florida, and Georgia.

Studies and Monitoring. CBO estimates that the compact would result in new spending subject to appropriation of about \$2 million in fiscal year 1999 and about \$1 million in 2000 for completing an environmental impact statement of options for allocating water in the ACF basin, for developing a plan for monitoring water levels and quality in the basin, and for conducting additional studies. Additional spending of less than \$500,000 a year beginning in 2000 would occur for implementing, operating, and maintaining programs and equipment for monitoring the basin.

Beginning in 1991, the Congress has appropriated to the U.S. Army Corps of Engineers (the Corps) an average of almost \$2 million a year—about \$13 million in total—for studying the long-term needs for water and availability of water resources in the ACF and Alabama-Coosa-Tallapoosa (ACT) basins. An additional \$5 million was provided to the Corps in 1997 for conducting a preliminary environmental impact statement regarding options for allocating water in the ACF and ACT basins.

Federal Facilities. Based on information from the Corps, CBO estimates that operating federal facilities in the ACF basin in a manner that complies with a new water allocation plan may result in additional discretionary spending of about \$2 million a year, beginning in 1999. We expect that these annual costs could range from near zero to \$4 million a year, depending on whether a new allocation plan is adopted and whether it results in a significant change in water use in the river basin.

Most of the expense of implementing a new water allocation plan would be for operating and maintaining channels for navigation because the cost of that activity is highly dependent on water flows. Under current law, CBO estimates that the Corps will spend about \$14 million in 1998 for navigation-related activities in the ACF basin. CBO anticipates that the cost of other major activities in the basin would not change significantly as a result of the compact. The cost of operating and maintaining hydropower facilities is not likely to change significantly as a result of minor changes in water flows. Moreover, any major flood control activities in the basin would likely require further authorization by Congress.

Direct Spending

CBO anticipates that the compact would have an impact on direct spending by reducing the amount of receipts returned to the Treasury from recreation facilities operated by the Corps and the Department of the Interior in the ACF basin. A new water allocation plan could affect receipts from recreation areas by directly or indirectly changing water levels at lakes and other recreation areas so that their use is reduced. This type of impact would be most likely in years when total water supplies were already low, for example, because of below-average rainfall. CBO estimates that the impact on receipts from recreation elements would be less than \$500,000 annually, beginning in 1999.

The compact could also affect receipts from hydropower operations, but CBO estimates that the net impact on hydropower revenues from any likely water allocation plan would be insignificant. A new plan could affect power operations by limiting the amount of water that can flow through federal power-generating facilities. This could affect the amount of power that can be produced and sold. However, CBO estimates that any impact on hydropower receipts is likely to be insignificant because federal law requires that, to the extent market conditions permit, hydropower operations cover expenses. In the case of limits on power production, the price of power could be increased to offset any reduction in the quantity of power produced and sold.

PAY-AS-YOU-GO CONSIDERATIONS

The Balanced Budget and Emergency Deficit Control Act of 1985 specifies pay-as-you-go procedures for legislation affecting direct spending or receipts. CBO estimates that enacting H.J. Res. 91 would increase direct spending by less than \$500,000 a year, beginning in 1999. Enacting the legislation would not affect governmental receipts.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.J. Res. 91 would give the consent of the Congress to an agreement mutually entered into by three states, Alabama, Florida, and Georgia. The resolution contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act of 1995, and any costs to the states resulting from the compact would be borne voluntarily as a result of the agreement.

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